

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 3729 – HB 3758

March 19, 2010

**SUMMARY OF AMENDMENT (014918):** Adds language to the original bill ceasing all actions in the furtherance of the planned closing or downsizing of Clover Bottom Developmental Center including laying off employees, moving the residents of the center to other placements, or both unless the actions are specifically mandated by the court. Prohibits downsizing or closing actions from resuming until the Department of Mental Health and Developmental Disabilities constructs 30 homes in Middle Tennessee, each of which providing a home to four residents with mental retardation that are presently living in Clover Bottom; the Department informs the families and guardians of each Clover Bottom resident that they have the opportunity to choose to place their family member in the new homes regardless of prior placement choices; and the Department develops a plan to transfer persons presently employed at Clover Bottom to the new community homes as construction is completed and residents are transferred there. The Department is not prevented from continuing or instituting an immediate reduction-in-force to reduce the Clover Bottom workforce to the level which will be required to operate the thirty community homes.

FISCAL IMPACT OF ORIGINAL BILL:

MINIMAL

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures - \$18,000,000/FY10-11 through FY11-12**

**Other Fiscal Impact – The proposed FY10-11 budget includes a reduction in recurring state funds of \$8,027,000 for the downsizing of the Clover Bottom Developmental Center. The proposed FY10-11 budget also includes a restoration of \$4,013,500 in non-recurring funds for six months of services to the individuals being transferred to other services. Prohibiting the downsizing will result in an increase in state funds for DIDS to continue to provide services at the current level.**

Assumptions applied to amendment:

- Executive Orders 9 (signed February 7, 1996), 10 (signed October 14, 1996), 21 (signed July 29, 1999), and 30 (signed March 8, 2002) transferred the Division on Mental Retardation Services, which is now known as the Division of Intellectual Disabilities

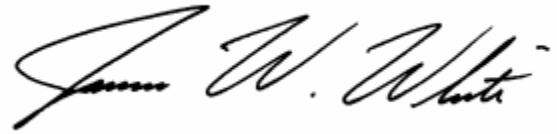
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Services, to the Department of Finance and Administration from the Department of Mental Health and Developmental Disabilities.

- The management and operation of the developmental centers was transferred at that time. These residential facilities are for persons with mental retardation or developmental disabilities.
- According to DMHDD, the department is not responsible for any residential facilities for persons with mental retardation or developmental disabilities.
- The Division is currently planning to downsize and eventually close the Clover Bottom Developmental Center.
- The FY10-11 proposed budget includes a recurring reduction of \$8,027,000 in state funds to downsize the Clover Bottom Facility to 32 residents. Of this reduction, \$4,013,500 is proposed to be restored with non-recurring funds in FY10-11 for six months of funding for 76 residents to transition to private ICF/MR facilities or to the home- and community-based waiver program. The proposed net reduction will be \$4,013,500 in FY10-11.
- The provisions of the bill as amended would require the Department of Mental Health and Developmental Disabilities to construct 30 homes in Middle Tennessee that will provide residences to the individuals currently living at Clover Bottom.
- The estimated fiscal impact is based on the construction of 27 homes to serve the 108 residents of the facility (108 residents/4 residents per home).
- According to information provided by the Division of Intellectual Disabilities, there are two levels of homes that the Division builds. The first level is for residents who do not have as extensive medical needs as other residents. This level home costs approximately \$450,000. The second level homes are customized for residents with more extensive medical needs and costs approximately \$900,000 to construct.
- It is assumed that the 27 community homes will be a combination of both levels of homes. For the purposes of the estimated fiscal impact, it is assumed that approximately 50 percent will be level one homes and approximately 50 percent will be level two homes.
- It is estimated that the construction of 14 level one homes will result in an increase in expenditures of \$6,300,000 (14 x \$450,000) and the construction of 13 level two homes will result in an increase in expenditures of \$11,700,000 (13 x \$900,000).
- The construction of and transition to these new community homes will take approximately two years resulting in the increase in expenditures of \$18,000,000 to be in FY10-11 and FY11-12.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml